

Husky Oil Ltd.

Revised October 31, 1985 (IOC)

Destroy all previous Basic and White cards on this Company

CUSIP Number 448096

Stock Symbol HYO

Head Office — 707-8th Avenue S.W. (P.O. Box 6525, Station D), Calgary, Alta. T2P 3G7

Telephone — (403) 298-6111

THE COMPANY, directly and through subsidiaries, operates a fully integrated oil and gas business in Canada and the United States. Other activities include international exploration for oil and gas.

COMPARATIVE DATA										
Fiscal Year	L-term Debt	Working Capital	Gross Revenue	Cash Flow	Net Inc. Opers.	Earns. per Sh.	Divds. Paid	Price Range	High	Low
000's						—Common Shares—				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1984.....	251,701	43,805	1,553,496	354,142	99,034	1.10	0.150	13.13	9.38	
1983.....	1,015,593	39,035	1,626,766	280,666	47,581	0.45	0.150	13.25	8.00	
1982.....	938,555	73,013	1,541,912	172,391	17,427	0.15	0.150	11.13	4.75	
1981.....	846,889	64,797	1,514,212	168,571	43,582	0.56	0.150	22.00	9.50	
1980.....	296,648	106,365	1,284,973	213,162	92,082	1.18	0.146	20.88	9.63	

Note—All common share data adjusted for 1980 stock split.

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984			
	Outstanding		%
Long-term debt	\$251,701,000		22
Preferred stock	3,626,225 shs.	90,655,000	8
Common stock	79,706,686 shs.	20,675,000	2
Capital surplus		102,949,000	9
Retained earnings		694,929,000	59

SUMMARY STATEMENT

For the six months ended June 30, 1985, net income increased 58% to \$58,500,000 or 66 cents per share compared with \$37,000,000 or 39 cents per share in the corresponding year-earlier period. Sales and operating revenues rose 17% to \$439,100,000 from reclassified \$375,200,000. Sales and operating revenues for the 1984 first half were restated to reflect only continuing operations.

Results for the year ended Dec. 31, 1984 showed net income, operations more than doubled when compared with results from the previous year. An extraordinary gain of \$203,677,000, arising from the sale of operating U.S. subsidiary, Husky Oil Company, boosted net income for 1984 to \$302,700,000 from \$41,516,000 for 1983. Sales and operating revenues declined 5%.

Increased annual dividend rate of 36 cents per share was established with the payment of nine cents per common share on June 26, 1985. Previously, semi-annual dividends of 7 1/2 cents per share were paid from Nov. 28, 1980 to May 31, 1985, inclusive.

All outstanding 13% cumulative redeemable convertible retractable junior preferred shares, series A, were redeemed effective July 2, 1985 at a price of \$28.01 per share, plus accrued dividends of one cent per share. Holders had the right to convert their preferred shares into common shares until June 26, 1985 on the basis of four common shares for each convertible preferred share held.

Agreement for the sale of the company's United States refining and marketing assets which was announced in October, 1984, was terminated in early 1985 due to the failure of the purchaser to fulfill the conditions subsequent concerning the financing of the sale. These downstream assets reverted to their former status as wholly-owned subsidiaries of the company at that time and new discussions with other prospective buyers commenced.

Capital expenditures, net of incentive grants amounted to \$277,225,000 in 1984 and included \$145,114,000 on exploration and development, \$34,628,000 on pipeline construction and upgrading and \$11,232,000 on the new upgrader facility in Saskatchewan which will be integrated with Husky's existing Lloydminster refinery.

N.B.—For quick reference data and index, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

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QUICK REFERENCE DATA

Major Shareholder—NOVA, AN ALBERTA CORPORATION holds approximately 67% interest in the company; NOVA has held a major interest since 1978.

Incorporation—Dominion charter, December 9, 1953, continued under CBCA, June 18, 1979.

Employees—1,750 at December 31, 1984.

Auditors—Peat, Marwick, Mitchell & Co., C.A., Calgary.

Fiscal Year Ends—December 31.

Annual Report Appeared—April 9 in 1985.

Annual Meeting—April 30 in 1985.

Listed—HYO, Montreal, Toronto, American and Amsterdam Stock Exchanges (common). Toronto and Montreal exchanges (preferred).

Options Listed—Call and put options traded in January / April / July / October cycle on TSE.

Shareholders—13,200 common shareholders at December 31, 1984.

Transfer Agents and Registrars—Preferred shares: The Canada Trust Co., Calgary, Halifax, Montreal, Regina, Toronto, Vancouver and Winnipeg. Common shares: Montreal Trust Company, Calgary, Halifax, Montreal, Regina, Saint John, Toronto, Vancouver and Winnipeg; The Chase Manhattan Bank, New York.

SALES

Details of sales and operating revenue are as follows:

	1984	1983	1982
		\$000's	
Oil and natural gas	468,133	448,961	373,239
Asphalts, etc.	135,720	141,750	137,291
Gasoline, etc.	905,367	932,342	941,754
Total Petroleum	1,509,220	1,523,053	1,452,284
Drilling	39,362	11,130	.....
Charcoal	.....	89,940	84,598
Total sales	1,548,582	1,624,123	1,536,882

Geographic analysis of sales and operating revenue, follows:

	1984	1983	1982
		\$000's	
Canada	826,255	674,052	582,452
U.S.	702,195	912,427	921,968
Other	20,317	39,049	35,140
Less: Inter. segm.	185	1,405	2,678
Total sales	1,548,582	1,624,123	1,536,882

OPERATING PROFIT

Details of operating profit, before deducting income tax, interest, general corporate expenses and minority interest, are as follows:

	1984	1983	1982
		\$000's	
Petroleum	300,367	229,419	206,706
Offshore drilling	31,637	8,787	.....
Charcoal	.....	7,889	9,253
	332,004	246,095	215,959

▲As stated in the 1984 annual report.

Geographic analysis of operating profit follows:

	1984	1983	1982
		\$000's	
Canada	314,493	221,095	170,248
U.S.	25,859	44,412	47,119
Other	8,348	19,412	1,408
	332,004	246,095	215,959

COMPANY

A fully integrated oil and gas enterprise engaged, directly and through subsidiaries, in the exploration for and production of crude oil and natural gas, the refining of crude oil and the wholesale and retail marketing of refined petroleum products. Also engaged through subsidiaries in pipeline transmission of crude oil, natural gas and finished products.

CAPITAL EXPENDITURES

Outlays in recent years have been as follows:

1976	\$99,407,000	1981	*\$363,011,000
1977	91,878,000	1982	438,010,000
1978	146,818,000	1983	371,075,000
1979	226,929,000	1984	277,225,000
1980	270,313,000		

*Excluding \$371,247,000 for acquisition of Uno-Tex Petroleum Corporation.

Note—Amounts are after deducting petroleum incentive payments (PIP) of \$158,412,000 in 1984; \$93,837,000 in 1983; \$44,445,000 in 1982 and \$17,864,000 in 1981.

OFFICE BUILDING

Jointly with Trizec Equities Limited, each as to 50% interest, the 1,100,000 sq. ft. twin office tower and retail complex, Western Canadian Place in Calgary, was completed during 1983.

REFINING AND MARKETING

At December 31, 1984, the company owned and operated two refineries located in western Canada. During 1984, the company formalized plans to dispose of the subsidiaries which owned and operated its United States refineries and substantially all United States marketing outlets.

Recent annual throughput has been as follows:

	1984	1983	1982
		10 ³ m ³	
Lloydminster, Alta.	767	605	468
Prince George, B.C.	356	426	460
Cheyenne, Wyo.	.....	1,602	1,416
Cody, Wyo.	.....	.....	205
North Salt Lake, Utah	.....	608	500
	1,123	3,241	3,049

■ Operations suspended in July 1982.

For comparative purposes the same table appears below in imperial units.

	1984	1983	1982
		000's	
	Bbls.	Bbls.	Bbls.
Lloydminster	4,824	3,805	2,947
Prince George	2,241	2,683	2,893
Cheyenne	.....	10,079	8,912
Cody	.....	.....	1,287
North Salt Lake	.....	3,826	3,146
	7,065	20,393	19,185

■ Operations suspended in July, 1982.

Note (1)—For complete record of refinery operations see Operating Summary.

Refinery Operations—Husky operates two refineries in Canada, located at Prince George, B.C., and Lloydminster, Alta.

The Prince George light oil refinery produces a full line of refined products, including gasoline, diesel and heating fuels, liquid petroleum products, heavy fuel oils and highway asphalts. An expansion program completed in 1979 resulted in an increase in throughput capacity to 10,000 bbls. from 7,500 bbls. daily and doubled the daily production of gasolines and distillates to 7,900 bbls. A fluid catalytic cracking unit and related facilities were also installed, enabling production of grade A paving asphalt.

The Lloydminster heavy oil refinery produces highway and specialty asphalts and heavy fuel oils. Expansion of the refinery to 25,000 bbl. capacity from 12,000 bbl. capacity was completed in 1982 at a cost of \$80,000,000 and went into operation in May 1983.

The newly expanded refinery has advanced process

control and energy conservation features with double the capacity of the previous plant.

Initial design work and project planning have been completed for a new upgrader facility which will resemble a large refinery in Saskatchewan, near Lloydminster and will be integrated with Husky's existing Lloydminster refinery. In addition to producing asphalt and synthetic crude oil, byproducts of the upgrader will include high quality coke and sulphur. Project activity during 1985 will be concentrated on detailed engineering and obtaining major equipment items in preparation for major construction.

In the United States, Husky operated refineries at Cheyenne, Wyoming and at North Salt Lake, Utah. Agreement to sell these assets was reached in 1984. Early in 1985 this sale agreement was terminated and these operations and certain other downstream assets were carried as subsidiaries and assets held for resale at their estimated net realizable value of \$57,995,000 at Dec. 31, 1984.

Supply—Husky markets more gasoline and diesel fuel than it refines and is therefore a net purchaser of these products from other refiners.

Marketing—The company's marketing facilities extend from Vancouver Island to the Ontario/Quebec border. The marketing network of 323 branded petroleum outlets consists of 30 wholesale outlets, 245 retail outlets and 48 car/truck and travel stops. A total of 105 food service facilities are associated with this network, comprising 41 company-owned Husky House restaurants as well as 64 food stores, 25 of which are owned by Husky.

Emphasis continues to be placed on the company's car/truckstop system which extends along the Trans-Canada Highway. Car/truckstops are large high-volume outlets servicing commercial trucks and traveling motorists, and feature 24-hour service most with integrated restaurants and complete service facilities for recreation and commercial vehicles.

Husky offers both full and self service stations as well as an entire range of fuels including gasolines, diesel, propane and compressed natural gas.

During 1984, the company continued its upgrading and controlled growth program which included improving its land position, adding new units to provide diversified services at key locations and the closing of less profitable locations. Capital expenditures on these facilities were \$7,000,000 in 1984, a similar level to 1983.

Refined product sales averaged 22,357 bbl. (3,553 m³) daily in Canada in 1984, a 5% increase from 1983. Refinery runs in Canada rose 9% to 19,357 bbl. (3,076 m³) daily from a year earlier.

PIPELINES

In 1963, the company developed a process of blending approximately 22% natural gas condensate with 78% heavy gravity crude oil from the Lloydminster area of Alberta and Saskatchewan, thereby enabling it to ship asphaltic crude long distances by pipeline.

Husky Pipeline Ltd. operates a 72 mile pipeline system, consisting of three parallel lines of six, eight and ten-inch diameter pipe with a combined 50,000 bbl. daily capacity, connecting Lloydminster, via the Wainwright field to the Interprovincial pipeline at Hardisty, Alberta. The lines carry condensate from the Hardisty terminal and crude oil from the Wainwright field to Lloydminster and the blended crude from there back to Hardisty, for trans-shipment to eastern Canada. During 1983, the company expanded its heavy oil pipeline network with the completion of a \$5,500,000 loop of its main pipeline system between Wainwright and Hardisty. A 50-mile, 16-inch blend line between Lloydminster and Wainwright went into operation in December, 1984, thereby completing the looping program which began in 1983. Estimated cost of the program including necessary modifications to the Lloydminster and Wainwright terminals is \$25,000,000. These improvements will increase the blend capacity of the system to approximately 125,000 bbl. per day from 90,000 bbl. per day previously.

In September 1981, construction started on a new \$42,000,000 pipeline facility from Cold Lake to Lloydminster. Facilities will include the pipeline, a pipeline terminal, and a Cold Lake truck pit and cleaning plant. The first section of the pipeline was completed in 1981. Phase II of the Cold Lake pipeline, a 40-mile section to the Lindbergh-Morgan area, was completed by the end of 1983 at a cost of approximately \$15,000,000. This section commenced operations in early 1984. Construction of the \$25,000,000 Phase III section of the Cold Lake pipeline commenced in September, 1984. The line began operations in the Fort Kent/Bonnyville area by early 1985. Design work for the Cold Lake terminal and pump station was almost completed, with construction expected to begin in mid-1985. This section is comprised of a 52-mile, six-inch diluent line and a 12-inch blend line which extends from the Morgan-Lindbergh area to the Cold Lake area.

A \$2,000,000 looping program was completed in late 1984 on Husky's gathering system in Saskatchewan, thereby adding seven miles of 12-inch blend line in the Waseca/Big Gully area.

PROPERTY

At Dec. 31, 1984, Husky's undeveloped landholdings were as follows:

	Gross Acres	Net Acres
	000's	
Canada	8,384	2,162
Philippines	2,020	1,370
Senegal	2,471	741
Indonesia	2,424	807
Colombia	274	41
Total	15,573	5,121

Note—Sale of assets in the United States was completed in May, 1984.

EXPLORATION AND DEVELOPMENT

The company's exploration and development activities in Canada are conducted by subsidiary Husky Oil Operations Ltd. (through the Heavy Oil Division and the Conventional Oil and Gas Division). Other activities are conducted through the International Division (including Husky Oil International Ltd., Husky Oil (Senegal) Ltd., and Husky (Philippines) Oil Inc.).

Areas of current interest include the following:

Canada

During 1984, in western Canada, Husky participated in 54 exploratory and 455 development wells, the former to yield 19 oil and five gas successes, the latter, 392 oil, 10 gas and 25 service wells.

Western Provinces—The company continued to focus its exploration efforts on light oil plays in Alberta. Approximately 33% of the company's exploratory wells were drilled in the eastern Peace River Arch region of north central Alberta and the remainder of the drilling took place in central Alberta. Husky participated in a total of 19 gross exploratory wells in 1984, resulting in two gross oil and five gross gas wells. Four additional wells were drilling at year-end. The company was also involved in a farmout program which resulted in 16 wells, five of which were cased for oil and one for gas; two wells were drilling at year-end. Husky participated in 160 gross (31.5 net) development wells, which resulted in 142 gross (27.6 net) oil wells, eight gross (1.5 net) gas wells and seven gross (0.3 net) service wells.

The most significant oil discovery made during 1984 was the Husky et al Narrows well, southeast of the Slave Point oil field at Gift. A follow-up well, drilled northwest of the discovery well showed encouraging results and further evaluation is planned. Husky holds a 33% to 37.5% interest in 8,320 acres surrounding the well.

A major infill drilling program was conducted in the Eagle Lake Viking Unit in Saskatchewan and the Bell-shill Lake and Westeros areas of Alberta. At Eagle Lake, 64 wells were completed as light oil wells. Husky holds approximately 25% interest in the program which is expected to contribute an additional 911,000 bbl. of reserves to the company. A further 38 wells were

planned for the unit during 1985. At Belshill Lake, a drilling program continued with the drilling of 38 gross (2.1 net) wells and in the Westeros unit, eight gross (1.1 net) wells were drilled.

Other development drilling took place in the Macklin area of west central Saskatchewan and Red Earth and Bindloss areas of Alberta.

East Coast Offshore—In November, 1983, the company finalized a farm-in agreement involving six exploration agreements on the Grand Banks, off the coast of Newfoundland, with Mobil Oil Canada. The farm-in covered a total of 4,700,000 acres in the vicinity of the Hibernia, Hebron and Ben Nevis oil discoveries whereby Husky can earn up to a 14% interest by assuming 28% of certain exploration costs. The land position is currently 4,200,000 acres after relinquishments. The first well was drilled in November, 1983 and plugged in the second quarter of 1984, after testing gas, another well tested gas and oil in December. A second well is required to evaluate the potential of this discovery. Two other wells were abandoned without testing. An additional two wells were spudded in late 1984 and results were expected by mid-1985. In early 1985, the Panther P-52 well was suspended after reaching a depth of 3,035 ft. This well will be re-entered and completed later in the year.

On the Scotian Shelf, the company holds or is entitled to earn interests in 2,500,000 gross acres. One well, spudded in August, 1983 on the Onaping/Scotia Energy farm-in block, was subsequently plugged and abandoned.

The company participated in four wells during 1984. Drilling results of the Chebucto K-90 well, 25 miles south of the Venture gas field have not been revealed due to the availability of Crown acreage in the vicinity. The well has earned Husky a 37.5% interest in the exploration agreement. Two other wells, South Griffin J-13 and Evangeline H-98 were abandoned without testing. The fourth well, Hesper P-52, which was spudded in August, 1984, is still drilling. Drilling results were expected by mid-1985.

To the end of 1984, the company has participated in the drilling of seven wells. Upon completion of the last well, Husky will have fulfilled its earning requirements on the Scotian Shelf, resulting in earned working interests varying between 37.5% and 17.5%.

Husky also holds a 29% interest in the Banquereau block on the Scotian Shelf. Due to relinquishments, the company's land position here is presently 180,000 acres. Husky participated in the drilling of three exploratory wells on this block to the end of 1984, one of which tested gas.

The company entered into two separate farm-in agreements with Mobil Oil Canada Ltd. in 1982 on the Banquereau block. In order to earn 25% of Mobil's interest in 2,400,000 acres, Husky must drill four wells. In the East Banquereau block of this farm-in, a well was drilled and subsequently abandoned in 1984. A second well was drilling in late 1984-early 1985.

Beaufort Sea—Under a farm-in agreement with Gulf Canada Resources Inc., negotiated in 1982, Husky pays 30% of Gulf's share to earn 15% of Gulf's interest in 295,000 acres on several Beaufort properties located in 100 ft. or less of water. Husky's current landholdings under this agreement at 532,000 acres due to further acquisitions. The company participated in four wells during 1984, two of which had significant oil shows and one was abandoned. The fourth well is presently suspended. However it will be re-entered and completed in 1985. The Pitsulak A-05 oil discovery well was re-entered in mid-1984 after being suspended in 1983.

The company is paying 15% of the well costs to earn 7.5% interest in the acreage associated with this structure. The Amauligak J-44 well finished testing and was an oil and gas discovery in late 1984. A delineation program will be conducted in 1985-86 to justify the size of the structure and reservoir quality. Husky earned a 17.5% interest in the structure by assuming 35% of the costs associated with the discovery well. The company is also participating in the Akpak P-35 well, located 17 miles northwest of the Amauligak J-44 discovery. This

well which was spudded in 1984 and suspended for the winter, was to be re-entered and completed during the summer of 1985. Husky is paying 15% of the drilling costs to earn 7.5% interest in the well and surrounding acreage.

Heavy Oil—Early in 1963 company began a long-range program to find and develop new reserves of asphaltic crude oil in the general Lloydminster area of Alberta and Saskatchewan, and to expand markets for this type of crude in eastern Canada.

Crude oil from the Lloydminster field is too thick to flow in a pipeline, so it is blended with light-gravity condensate and the blend transported via company pipelines to the Interprovincial pipeline at Hardisty, Alta., and thence to eastern Canada.

An increase in allowable heavy crude oil exports to the United States coupled with the sale of 25,000 bbls. per day of Lloydminster crude blend to Gulf Canada for three years commencing July 1, 1977, permitted increased production from company wells. Reactivation of 550 shut-in wells was carried out in mid-1977.

During 1984, expenditures on exploration for heavy oil increased to \$12,100,000 and are expected to be \$20,000,000 in 1985. The company operates approximately 2,034 heavy oil wells of which 198 are associated with enhanced oil recovery operations. A total of 35 gross (32.1 net) exploratory wells were drilled during 1984, resulting in 17 gross (15.1 net) oil wells. The majority of this exploratory drilling was concentrated on newly acquired acreage in the Provost and Frog Lake areas. The company planned to participate in some 77 exploratory heavy oil wells during 1985, approximately 50% of which were to be drilled in the area from Provost to Cold Lake in Alberta and from Beacon Hill to Herschel in Saskatchewan.

Husky participated in 256 gross (237.9 net) development wells, resulting in 214 gross (198 net) heavy oil wells, two gross (2 net) gas wells and 15 gross (15 net) service wells. Plans for 1985 called for a development drilling program of 330 wells at a cost of \$50,000,000, the majority of which will be drilled in the Lloydminster area.

The company's holdings in the Lloydminster, Provost and Cold Lake areas totaled approximately 1,600,000 gross acres at Dec. 31, 1984.

Capital expenditures for heavy oil development drilling programs increased to \$31,600,000 in 1984 from \$14,000,000 in the previous year.

Wells drilled during 1984 as part of the company's enhanced oil recovery operations accounted for 39 gross (38 net) wells, resulting in 36 gross (35 net) heavy oil wells and one gross (1 net) service well. Husky had plans to drill approximately 105 enhanced oil recovery wells during 1985. Capital expenditures for the enhanced oil recovery program totaled \$20,900,000 in 1984 compared with \$21,700,000 in 1983.

At the end of 1984, the company had eight enhanced oil recovery projects in operation—six in Saskatchewan and two in Alberta. Development of the ninth thermal pilot, a three pattern fireflood at the Tangleflats GP pool in Saskatchewan was completed in early 1985 and the first of the three injection wells began in March. These projects are designed to evaluate various enhanced oil recovery techniques, including cyclic steam injection, steamflooding, wet forward combustion fireflooding, oxygen fireflooding and an electrical chemical oil recovery process.

Three new waterflood projects were installed and completed during 1984 and early 1985 in the Wainwright field in Alberta, comprising 37 producing oil wells, 14 injection wells and associated oil production and water injection facilities.

The first of two new cyclic steam pilot projects, at Tucker Lake in the Cold Lake area came on stream in early 1984. Production is expected to reach 7,000 bbl. per day beginning in 1987-88, if experimental results justify development on this scale. By the end of 1984, steam injection into the seventh well was in progress.

The second new steam injection pilot commenced in September, 1984 in the Morgan area of Alberta and by year-end, a total of four steam injection cycles had

been completed on three wells. Further drilling and steam injection activities are planned.

In 1984, drilling commenced for the expansion of the Golden Lake Sparky fireflood pilot.

Initial work for an expansion at the Aberfeldy steamflood is also under way. Engineering studies, preliminary drilling, design of facilities and site preparation have commenced for a commercial scale steamflood enhanced oil recovery project which is designed to produce 5,000 bbl. of heavy crude oil per day, with potential expansion to 10,000 or more bbl. per day. The development will be in a 900-acre area, located nine miles southeast of Lloydminster, adjacent to Husky's steamflood pilot project which has been operating for approximately four years. Drilling of five injection wells and 20 producing wells began in March, 1985. Construction of the project is expected to begin late in 1985, with steam injection for early 1987.

Bi-Provincial Upgrader Project—In addition to the complex EOR techniques required to produce heavy oil, it is necessary to convert or upgrade the heavy oil into a synthetic crude which can be processed in domestic conventional refineries. The company is in the advanced planning stages of an upgrader facility for this purpose, known as the Bi-Provincial project. The upgrader would have a capacity to produce and process approximately 54,000 bbl. of heavy oil feedstock per day from the Lloydminster and Cold Lake areas of Alberta and Saskatchewan and would be the first major heavy oil project in Canada to combine in-situ production and processing.

Joint approval of the Alberta, Saskatchewan and Canadian governments was obtained in June, 1984. The project will involve capital and operating expenses of approximately \$1,400,000,000 for the upgrader plus \$900,000,000 for heavy oil production facilities over the next five years.

Husky's share of this overall capital requirement with expected partner participation will be approximately \$1,300,000,000, of which \$750,000,000 will be project financed.

United States

In March, 1984, the company sold its United States oil and gas subsidiary, Husky Oil Company, to Marathon Oil Company of Findlay, Ohio, for US\$505,000,000 with Husky carrying US\$90,000,000 (net) of liabilities. The sale was closed on May 31, 1984. Negotiations were undertaken at that time to sell the refining and marketing assets. In October, 1984, a sale agreement was announced and closed in December, subject to certain conditions. In early 1985, the company announced that the purchaser of the downstream assets had not fulfilled the conditions subsequent, concerning financing of the sale and the agreement was terminated. At that time, the downstream companies reverted to their former status as wholly-owned subsidiaries of Husky and at year-end, these assets were carried in the financial statements as "Subsidiaries and assets held for resale" in the amount of \$57,995,000.

Discussions with other prospective buyers is under way and the company plans to dispose of the assets, either as a going concern or on a piecemeal basis, thereby completing the divestiture of the United States operations.

International

Through subsidiaries, Husky has landholdings in Senegal, Indonesia and Colombia. The majority of the company's interests in the Philippines were acquired by Marathon through their purchase of Husky's United States interests. Husky has retained an 8.3% working interest in the Cadiao field production. The field is currently producing 4,061 bbl. per day.

In Senegal, Husky reduced its interest in the 2,500,000-acre offshore concession during the latter half of 1984 and relinquished operatorship to Marathon Oil Company. In return, work on this concession until late 1985 will be carried out at no cost to Husky.

In Indonesia, field studies and a marine seismic survey were completed during 1983 in the Madura block

offshore East Java. Husky holds 33% interest in the area. During 1984, geological studies and 900 miles of marine seismic were carried out, with interpretation under way. The first well was spudded in July, 1984 and abandoned due to mechanical difficulties after testing and a second well was plugged and abandoned in early 1985 after testing. A relinquishment of 30% of the contract area was made in October, 1984, thereby reducing the acreage to approximately 2,400,000 acres.

PRODUCTION AND RESERVES

Production—For net production of crude oil and natural gas liquids and of natural gas, see Operating Summary.

Reserves—Net proven developed and undeveloped reserves have been reported at Dec. 31 in recent years as follows:

Fiscal Year	Oil Bbls.	Natural Gas Mcf.
1984	113,045,000	315,293,000
1983	151,572,000	421,721,000
1982	124,644,000	411,354,000
1981	127,500,000	437,824,000
1980	114,493,000	330,089,000

†Of which 83,000 bbls. were from the Philippines and the remainder in Canada.

HISTORY

Predecessor Companies:

Husky Oil & Refining Ltd. was incorporated in Saskatchewan in 1946 as a wholly owned subsidiary of Husky Oil Co. of Cody, Wyoming, to acquire and operate that company's Canadian properties.

On Aug. 1, 1953, the company acquired Canada Western Distributors Ltd., which owned and operated service stations and bulk sales plants in the Calgary and Edmonton districts of Alberta.

Husky Oil Co. began operations Jan. 1, 1938 with purchase of a 1,000 bbls. per day oil refinery and four oil wells producing less than 400 bbls. daily, at Cody, Wyoming.

Present Company:

Late in 1953, shareholders of Husky Oil Co. of Cody, Wyoming, approved the separation of Husky Oil & Refining Ltd. from Husky Oil Co. The latter company transferred its 59.7% interest (1,169,000 shares) in Husky Oil & Refining to a new company, Canadian Husky Oil Ltd., incorporated with a Dominion charter on Dec. 9, 1953. The shares of Cdn. Husky were distributed to common stockholders of Husky Oil Co. on the basis of one share of Cdn. Husky for each two Husky Oil Co. shares held. Upon completion of the transfer, each outstanding share of Cdn. Husky represented one common share of Husky Oil & Refining. The major shareholders in Cdn. Husky were then the same as the major shareholders of Husky Oil Co. of Cody.

In 1954, Gate City Steel Works, Inc. of Omaha, Nebraska, was purchased and approximately 200 H. Earl Clack marketing outlets were acquired. In addition, oil refineries at Thunder Bay Ont. and Moose Jaw, Sask. were acquired.

In August, 1956, Cdn. Husky offered to acquire the remaining common shares and all the preferred shares of Husky Oil & Refining through an exchange of stocks on a share-for-share basis. By Jan. 25, 1957, all shares had been exchanged and Husky Oil & Refining became a wholly owned subsidiary of Canadian Husky Oil Ltd. Husky Oil & Refining was liquidated May 1, 1961.

On Feb. 28, 1958, the company acquired all the assets of Liberal Petroleum Ltd. through issuance of 439,720 Cdn. Husky common shares.

In 1959, a briquetting plant was acquired at Dickinson, North Dakota.

In November 1959, Cdn. Husky announced that it would offer to acquire all the outstanding common stock of Husky Oil Co. of Cody, Wyoming. The basis of exchange was eight Cdn. Husky common shares for each nine of Husky Oil Co., except that Glenn E. Nielson, president of both companies, and Mrs. Nielson

received eight Cdn. Husky shares for each 10 of the 1,562,723 Husky Oil Co. shares they owned. In addition Mr. and Mrs. Nielson subsequently received (in 1966) a further 138,909 shares representing the difference between this ratio and the 8-for-9 ratio offered to other Husky Oil Co. shareholders. The offer was made in June 1960, and remained open to Dec. 30, 1960, by which time Cdn. Husky had acquired 99% of the outstanding common stock of Husky Oil Co. in exchange for a total of 2,780,148 common shares of Cdn. Husky. The two companies were then united into a single unit operating in Canada and the United States.

Effective Apr. 28, 1961, the company purchased substantially all the assets and undertakings of Merit Oil Ltd.

In April, 1963, the company's name was changed from Canadian Husky Oil Ltd. to Husky Oil Canada Ltd.

In 1963, Husky acquired the briquetting operations of Dominion Briquets and Chemicals Ltd., most of the assets of Wainwright Producers and Refiners Ltd., and the Canadian properties of American Northland Oil Co.

Husky sold Gate City Steel (99.6% owned), to Bannock Steel Corp. of Boise, Idaho, early 1963, for \$2,560,000. Husky owned 50% of Bannock, which changed its name in 1965 to Gate City Steel Corp. Subsequently, Husky increased its interest in Gate City Steel Corp. to 100%.

In 1964, Husky acquired Sarcee Petroleum Ltd. for \$8.1 million. On Jan. 3, 1966, Sarcee amalgamated with Canada Western Distributors Ltd., Hartford Petroleum Ltd., Highwood Development Ltd., Paul Guthrie Development Ltd. and Stewart-Davis Oils Ltd. to form Husky Oil (Alberta) Ltd.

From July, 1965 to early 1967, Husky increased its interest in Rimrock Tidelands, Inc. from 60% to 100%.

Effective Jan. 1, 1966, Husky and Depco, Inc. jointly purchased the assets of International Oil and Gas Corp. of Denver, Colo., for approximately \$31 million. Also in 1966, Husky acquired all oil and gas assets in Canada of Fosca Oil Co. Ltd.

On Feb. 15, 1968 (effective Jan. 1, 1968), Husky acquired all assets and assumed liabilities of Frontier Refining Co. of Denver, Colo., in exchange for 740,392 common shares. The assets included refineries at Cheyenne, Wyo. (daily capacity 20,000 bbls.), North Salt Lake, Utah (8,000 bbls.) and Farmington, N.M. (1,000 bbls.), oil and gas production and reserves, and 945 service stations in 17 western states.

On Sept. 3, 1968, the company's name was changed from Husky Oil Canada Ltd. to Husky Oil Ltd.

In 1970, the company sold the drilling equipment of Rimrock Tidelands, Inc., and other offshore drilling subsidiaries to Ocean Drilling & Exploration Co., of New Orleans. The immediate financial benefits to Husky included certain cash payments, as well as the assumption by the purchaser of about \$10,000,000 in debt and an additional \$10,000,000 in Husky-guaranteed debt of an associated non-consolidated company. This transaction completed disposition of Husky's drilling rigs.

In 1971, under liquidation of 66%-owned Curtis, Inc., Husky received a 55% interest in Empire State Oil Co. This interest was sold in 1972 for \$25,771,000. On Dec. 31, 1971, the company transferred its assets and operations for exploration, production, refining and marketing in Canada to a wholly-owned subsidiary, Husky Oil Operations Ltd.

In March, 1973, the company issued 112,542 common shares to acquire Keeter Charcoal Company, of Nevada.

In 1975, the company was selected as operator for exploration and development of a naval petroleum reserve in Alaska, and subsequently created a subsidiary, Husky Oil NPR Operations, Inc., to manage this program.

Effective Nov. 1, 1976, the company through Husky Oil (Alberta) Ltd. purchased the refining and marketing operations of Union Oil Company of Canada Limited for \$38,600,000. The purchase included an 8,000-bbl.-per-day refinery at Prince George, B.C., and 110 service stations in Canada.

In 1976, Gate City Steel acquired its Gary, Indiana,

plant which also provides a central warehousing function for Gate City's 12 other plants.

During 1978 and 1979, Alberta Gas Trunk Line Co. Ltd. (now NOVA, AN ALBERTA CORPORATION) acquired controlling interest in Husky through the acquisition of 68% of the common shares.

The company was continued under the Canada Business Corporations Act June 18, 1979.

Late in 1979, the company acquired CanOcean Resources Ltd. (formerly Lockheed Petroleum Services Ltd.), which is engaged in the development, production and service of subsea systems for the exploration of offshore oil and gas.

In June, 1981, the company sold subsidiary Gate City Steel Corporation for US\$25,100,000 (Cdn. \$30,200,000).

Effective Aug. 11, 1981, the company acquired the Canadian assets of Uno-Tex Petroleum Corporation for Cdn. \$371,000,000.

In January, 1982, the company sold its wholly-owned subsidiary CanOcean Resources Ltd. to NOVA, AN ALBERTA CORPORATION, for \$15,000,000.

On Dec. 31, 1983, the company completed an agreement for the sale of Husky Industries, Inc., a wholly-owned subsidiary, for \$24,157,000. Husky Industries, Inc. was engaged in the manufacture and marketing of charcoal briquets and other charcoal products.

Effective May 31, 1984, the company sold all the stock in its United States subsidiary, Husky Oil Company, to Marathon Oil Company of Findlay, Ohio, for US\$505,000,000 and assumption of US\$90,000,000 (net) in debt. The sale was closed on May 31, 1984 and negotiations were undertaken at that time to sell the refining and marketing assets of Husky. In October, 1984, a sale agreement was announced and in December, the sale was closed, subject to certain conditions subsequent. In early 1985, the company announced that the purchaser of the downstream assets had not fulfilled the conditions subsequent, concerning financing of the sale and that the agreement had terminated. At that time, the downstream companies reverted to their former status as wholly-owned subsidiaries of Husky. At Dec. 31, 1984, these assets were carried in the company's financial statements as "Subsidiaries and assets held for resale" at a value of \$57,995,000.

ACCOUNTING CHANGES

In 1979, the company adopted a policy of first-in, first-out costing for most inventories. In addition the company adopted the current/non-current method of translating financial statements from U.S. dollars to Cdn. dollars. Previously, translations were at par.

The changes resulted in substantial restatement of 1978 financial statements, including the following: working capital, \$60,930,000; total assets, \$838,758,000; net income, \$65,197,000; and retained earnings, \$227,180,000.

On Jan. 1, 1984, the company changed its method of foreign currency translation by adopting prospectively the recommendations issued by the Canadian Institute of Chartered Accountants. The effect of this change in accounting policy for the year ended Dec. 31, 1984 was a decrease in earnings before extraordinary items of \$4,201,000 or five cents per share an increase in the extraordinary item of \$4,201,000. As at Jan. 1, 1984, the balance of the cumulative translation account was \$7,131,000 and was reflected in the disposition of the United States operations.

WHOLLY-OWNED SUBSIDIARIES

Husky Oil Operations Ltd.—Incorporated in Alberta. Directly and through subsidiaries conducts exploration, production, refining and marketing operations in Canada and abroad.

Wholly-owned subsidiaries include **Husky Oil Marketing Ltd.** and its subsidiary **Husky Leasebacks Limited**; **Husky Oil Leasing Ltd.**; **Husky Pipeline Ltd.**; **Husky Oil International Ltd.**; and **Husky Oil (Senegal) Ltd.**

Husky Oil Company—Effective May 31, 1984, all the stock in this company was sold to Marathon Oil Company of Findlay, Ohio, for US\$505,000,000 and

assumption of US\$90,000,000 in debt. The sale did not include the refining and marketing assets which will be sold separately (see under Exploration and Development, United States operations, page 00). Husky Oil Company continued to carry out exploration, production and marketing activities in the United States directly and through subsidiaries during 1983 and through the first period of 1984 prior to closing of the sale transaction.

Husky (Philippines) Oil, Inc.—Engaged in oil and gas exploration and development in the Philippines.

RMT Properties Inc.—Denver, Colo. Husky reached an agreement with Flying J. Inc. of Brigham City, Utah in 1985, pursuant to which Flying J. will acquire all of the issued and outstanding shares of this subsidiary. The transaction was to close on July 31, 1985.

OFFICERS AND DIRECTORS

Officers—S. R. Blair, chm.; A. R. Price, pres.; R. F. Goods, R. Y. Pogontcheff, W. R. Miller, H. J. Berry, J. S. Blair, M. L. Peterson, v-p's; R. A. Robinson, v-p & contr.; C. T. Mullane, sec.; J. A. Evans, asst. treas.; W. J. Willson, asst. sec.

Directors—S. R. Blair, W. D. Dickie, D. I. Hall, A. E. Pallister, R. L. Pierce, W. C. Rankin, A. R. Price, Calgary; L. I. Barber, Regina; Hon. T. C. Douglas, Ottawa; B. E. Eidem, J. H. Morrison, Saskatoon; L. M. Rasmussen, Englewood, Colo.

U.S. Offices—1501 Stampede Ave., P.O. Box 380, Cody, Wyo. 82414.

6060 South Willow Dr., Englewood, Colo. 80111.

CAPITAL STOCK

(At Dec. 31, 1984)

	Author.	Outstand.
Preferred	unlimited	nil
Jr. Preferred	unlimited	
Series A		▲3,626,225 shs.
Common	unlimited	79,607,686 shs.

▲Redeemed effective July 2, 1985.

13% Convertible Retractable Junior, Series A:

Were entitled to fixed cumulative preferential cash dividends of \$3.25 per share per annum, accruing from July 28, 1982, and payable quarterly on the first day of January, April, July and October.

Effective July 2, 1985, all 13% junior preferred shares were redeemed at \$28.01 per share.

Offered—3,650,000 shares, including 150,000 shares issued to the underwriters to cover over-allotments, on July 13, 1982, at \$25 per share by a group headed by Dominion Securities Ames Ltd. and Pitfield Mackay Ross Ltd.

Common—Entitled to one vote per share.

Shares Reserved—At Dec. 31, 1984, 1,405,400 unissued common shares were reserved for issuance under stock option and stock bonus plans and 14,504,900 for issuance on conversion of junior preferred shares.

Options—At Dec. 31, 1984, options were outstanding to purchase 1,074,200 common shares exercisable between 1985 and 1991 at prices ranging from \$6.375 to \$12.625 per share.

PRICE RANGE OF STOCK

Convert. Jr. Preferred

Year	High	Low	Year	High	Low
1982	\$41.50	\$29.75	1984	\$52.75	\$42.00
1983	55.00	37.00			

Preferred, Series A

Year	High	Low	Year	High	Low
1964	\$54.00	\$52.25	1974	\$41.50	\$29.00
1965	54.25	50.75	1975	37.00	32.00
1966	53.00	49.00	1976	35.00	32.50
1967	52.00	45.50	1977	40.13	33.50
1968	50.50	46.00	1978	41.00	39.00
1969	46.50	40.00	1979	44.00	38.00
1970	41.00	36.00	1980	38.00	34.50
1971	46.00	41.00	1981	36.50	27.00
1972	44.00	41.00	1982	54.00	24.00
1973	44.50	40.00			

▲Listed Sept. 14. ■ Redeemed June 25.

Preferred, Series B

Year	High	Low	Year	High	Low
1964	\$54.00	\$52.13	1974	\$41.25	\$29.50
1965	54.50	51.00	1975	36.00	28.25
1966	53.00	47.50	1976	35.00	32.00
1967	52.25	46.00	1977	41.00	32.75
1968	49.00	46.00	1978	42.00	37.50
1969	48.50	39.00	1979	45.00	36.00
1970	41.00	36.25	1980	40.25	30.00
1971	45.00	40.25	1981	38.00	23.00
1972	44.00	40.00	1982	52.50	23.00
1973	44.50	38.75			

▲Listed Sept. 14. ■ Redeemed June 25.

Preferred, Series C*

Year	High	Low	Year	High	Low
1966	\$58.00	\$52.50	1968	\$81.00	\$73.00
1967	87.50	53.00			

*Listed June 22, 1966; delisted Jan. 19, 1968.

Common

Year	High	Low	Year	High	Low
1973	\$30.00	\$18.38	1979	\$77.50	\$43.00
1974	23.75	11.00	1980	20.88	9.63
1975	21.13	11.25	1981	22.00	9.50
1976	22.88	16.13	1982	11.13	4.75
1977	31.88	19.13	1983	13.25	8.00
1978	53.13	24.88	1984	13.13	9.38

■ Listed Dec. 10, 1956; for previous price range see

Historical Summary.

‡New stock following 7-for-1 split.

Series E Warrants

Year	High	Low	Year	High	Low
1971	\$5.60	\$4.50	1977	\$12.25	\$5.00
1972	7.35	4.50	1978	32.00	9.00
1973	15.00	6.65	1979	56.00	23.00
1974	10.38	3.25	1980	17.00	7.13
1975	7.38	3.60	1981	17.25	11.00
1976	7.50	4.25			

▲Listed Nov. 8, 1971.

*Expired Aug. 15.

‡Adjusted for 7-for-1 stock split.

Series D Warrants*

Year	High	Low	Year	High	Low
1967	\$16.00	\$4.75	1971	\$9.45	\$5.85
1968	18.75	8.75	1972	7.45	3.35
1969	15.25	6.50	1973	13.38	5.50
1970	8.05	2.00	1974	8.25	0.01

*Listed Sept. 14, 1964; expired June 30, 1974.

CHANGES IN CAPITAL STOCK

By S.L.P. dated July 25, 1956, authorized capital was increased to 4,000,000 common shares, \$1 par, from 1,168,950 shares, \$1 par, and 80,000 6% cumulative redeemable shares, \$50 par, were created.

By S.L.P. dated May 1, 1958, authorized common stock was increased to 5,000,000 shares. By S.L.P. dated May 24, 1960, authorized common stock was increased to 10,000,000 shares of \$1 par.

By S.L.P. dated June 3, 1964, authorized capital was increased to 400,000 6% preferred shares, \$50 par, by creation of an additional 320,000 6% preferred shares.

By S.L.P. dated May 4, 1966, authorized preferred stock was increased to 1,000,000 shares of \$50 par. Of the new shares 300,000 were then designated as 5% series C and offered to the public at \$50 per share.

As a result of a call for redemption dated Dec. 22, 1967, 289,455 5% cumulative redeemable preferred shares, series C, were tendered and accepted for conversion. Due to a minor technicality in compliance with redemption procedures, redemption of 10,545 shares was not effected by due date, Jan. 24, 1968. A new notice of redemption was sent to the holders of these shares calling such shares for redemption on Feb. 28, 1968 with conversion privilege expiring Feb. 23, 1968.

By S.L.P. dated June 7, 1968, authorized common stock was increased to 15,000,000 shares of \$1 par.

In 1968, 8,000 4% preferred shares, series Z, \$50 par, were issued to two officers for long-term notes of \$400,000. In 1969, 12,800 4% preferred shares, series W, X and Y, \$50 par, were issued to three officers for long-term notes aggregating \$640,000. All outstanding 4% preferred share were redeemed in 1972.

By S.L.P. dated May 8, 1972, authorized common stock was increased to 40,000,000 shares of \$1 par and authorized preferred stock was reduced from 1,000,000 to 623,550 shares, \$50 par value, reflecting cancellation of preferred shares of all series previously redeemed or converted into common stock.

In 1975, 50,600 and in 1976, 41,680 common shares were issued on exercise of warrants, conversion and options and the redemption of preferred shares.

In 1977, 520 common shares were issued on exercise of stock options and warrants, 18,800 under the stock bonus plan and 1,102,300 on conversion of the 6% convertible subordinated debentures of Husky Oil Co. of Delaware into parent company shares at US\$20 per share, bringing outstanding capitalization at Dec. 31, 1977 to 161,073 preferred and 10,924,733 common shares.

In 1978, 69,290 common shares were issued on exercise of options, warrants and by way of the stock bonus plan. A total of 1,484 series A and 4,625 series B preferred shares were redeemed.

During 1979, 23,700 common shares were issued on the exercise of warrants, 22,550 under a stock bonus plan, and 1,405 series A and 2,536 series B preferred shares were redeemed.

On May 1, 1980, the Articles of Continuance of the company were amended to create an unlimited number of authorized common shares; and on May 16, 1980, issued and outstanding common shares were split on a 7-for-1 basis.

During 1980, the equivalent of 1,185,737 new common shares was issued on exercise of share purchase warrants and under the company's stock bonus plan. Also, 1,600 series A and 7,200 series B preferred shares were redeemed. At Dec. 31, 1980, there were 37,673 series A preferred, 104,550 series B preferred, and 78,467,648 common shares outstanding.

During 1981, 3,635 series A and 10,841 series B preferred shares were redeemed; and 444,738 common shares were issued (440,538 on exercise of warrants and 4,200 under a stock bonus plan).

On June 25, 1982, all outstanding series A and B preferred shares were redeemed (Series A at \$53.50 plus accrued dividends of 70 cents per share and series B at \$52.50 plus accrued dividends of 71 cents per share).

On June 28, 1982 authorized capital was increased

by the creation of an unlimited number of preferred and junior preferred shares, issuable in series.

On July 28, 1982, 3,650,000 13% cumulative, redeemable, convertible, retractable junior preferred shares, series A, were issued at \$25 per share.

During 1982, 6,300 common shares were issued under options and stock bonus and 800 on conversion of 200 junior preferred shares.

During 1983, 68,700 common shares were issued under options and stock bonus and 18,000 on conversion of convertible preferred stock. At Dec. 31, 1983, 3,645,300 junior preferred and 79,006,186 common shares were outstanding.

In 1984, 525,200 common shares were issued on exercise of stock options and 76,300 for convertible preferred shares.

Also, 19,075 junior preferred shares were converted, bringing the total number of preferred and common shares outstanding at Dec. 31, 1984 to 3,626,225 and 79,607,686, respectively.

Effective July 2, 1985, the company redeemed all of its 13% cumulative redeemable convertible retractable junior preferred shares, series A at a price of \$28.01 per share, including accrued dividends of one cent per share. Holders had the right to convert their preferred shares into common shares of Husky until the close of business on June 26, 1985 on the basis of four common shares for each convertible preferred share held.

DIVIDENDS

Note—Certain restrictions are placed on the payment of dividends under provisions of series A debentures and the series A junior preferred shares.

U.S. shareholders have the option of payment in U.S. funds.

13% Junior Preferred, Series A—Entitled to \$3.25 per share per annum, cumulative. Initial 57.21 cents paid Oct. 1, 1982. Payments of 81.25 cents per share paid regularly quarterly from Jan. 1, 1983.

Common (new)—Present rate of 36 cents per share per annum, payable quarterly, was established with the payment of nine cents per share on June 26, 1985. Previously, semi-annual dividends of 7.5 cents per share were paid from Nov. 28, 1980 (first following the 7-for-1 split in May, 1980) to May 31, 1985, inclusive.

Common (old)—Prior to the 7-for-1 split in May, 1980, a rate of \$1.00 per share per annum had been paid semiannually from Apr. 10, 1978, to May 30, 1980, inclusive.

An initial dividend of 15 cents per share was paid on Sept. 30, 1966, establishing a rate of 30 cents per share per annum which was paid regularly semiannually to Nov. 28, 1969, inclusive. Rate was decreased to 15 cents per share per annum with the semiannual payment of 7 1/2 cents on May 29, 1970, and was paid regularly to Nov. 30, 1973. A semiannual dividend of 15 cents per share was paid May 31, 1974. Payments of 25 cents per share were made Nov. 29, 1974 and May 30, 1975; and a rate of 80 cents per share per annum was paid semiannually from Nov. 28, 1975, to Oct. 10, 1977, inclusive.

Dates payable—May 31 and Nov. 30.

6% Preferred, Series A—Was entitled to \$3 per share per annum, cumulative. Initial 75 cents per share paid Jan. 2, 1957; paid regularly, quarterly to redemption June 25, 1982.

6% Preferred, Series B—Was entitled to \$3 per share per annum, cumulative from June 30, 1964. Initial 75 cents paid Sept. 30, 1964; paid regularly quarterly to redemption June 25, 1982.

LONG-TERM DEBT

The aggregate maturities of long-term debt are as follows: 1985, \$15,328,000; 1986, \$16,340,000; 1987, \$24,590,000; 1988, \$15,590,000 and 1989, \$15,590,000.

Outstanding debt at Dec. 31, 1984:

Sinking fund debentures:	
6% series B, due 1987	9,750,000
8% series C, due 1991	9,338,000
Term bank loans	232,613,000
	251,701,000

Details of long term debt are as follows:

6% Sinking Fund Debentures, Series B:

Dated Feb. 1, 1967; due Feb. 1, 1987.

Principal and half-yearly interest (Feb. and Aug. 1) payable in Canadian funds at holder's option at any branch in Canada of the company's bankers.

Authorized, unlimited in principal amount but subject to restrictions contained in the trust deed; issued \$20,000,000; outstanding at Dec. 31, 1984, \$9,750,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000 and fully registered debentures in denominations of \$1,000 and authorized multiples thereof.

Trustee—Montreal Trust Co.

Redeemable—For other than sinking fund purposes at company's option in whole or in part on not less than 30 days' notice at 106 on or before Feb. 1, 1968, premium thereafter decreasing 1% for each three-year period commenced or elapsed to and including Feb. 1, 1983, thereafter at par to maturity. Redeemable out of sinking fund at principal amount plus accrued interest. However, prior to Feb. 1, 1982, debentures may not be redeemed by moneys obtained at an interest cost to the company of less than 6% per annum.

Sinking Fund—Company is to pay a sum sufficient to retire \$250,000 principal amount of debentures on or before Feb. 1 in each year 1968-1972; \$600,000 on or before Feb. 1 in each year 1973-77; \$750,000 principal amount in each year 1978-86. Such payments are calculated to retire approximately 55% of these debentures by maturity.

Warrants—series B debentures were accompanied by series D warrants entitling holders to purchase common shares on or before June 30, 1974, at varying prices.

Provisions for security, additional issues and dividend restrictions are same as for series A debentures.

Purpose of Issue—Net proceeds of \$19,240,000 used for general corporate purposes.

Offered—In Canada only in January, 1967, at 100 and accrued interest by Pitfield, Mackay & Co. Ltd. and Wood Gundy Securities Ltd.

8½% Sinking Fund Debentures, Series C:

Dated Aug. 15, 1971; due Aug. 15, 1991.

Principal and half-yearly interest (Feb. and Aug. 15) and redemption premium, if any, payable in Canadian funds at holder's option at any branch in Canada of the company's bankers.

Authorized, unlimited in principal amount but subject to restrictions contained in the trust deed; issued \$15,000,000; outstanding at Dec. 31, 1984, \$9,338,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000 and fully registered debentures in denominations of \$1,000 and authorized multiples thereof.

Trustee—Montreal Trust Co.

Redeemable—For other than sinking fund purposes at company's option in whole or in part on not less than 30 days' notice at the following rates on or before Aug. 15 in each year:

1972	108.5	1978	105.5	1984	102.5
1973	108.0	1979	105.0	1985	102.0
1974	107.5	1980	104.5	1986	101.5
1975	107.0	1981	104.0	1987	101.0
1976	106.5	1982	103.5	1988	100.5
1977	106.0	1983	103.0		

and thereafter at par to maturity; redeemable for sinking fund purposes at par; in each case plus accrued interest. Debentures will not be redeemable prior to Aug. 15, 1986, as part of a refunding operation having an interest cost of less than 8½% per annum.

Sinking Fund—Company is to pay a sum sufficient to retire \$225,000 principal amount of debentures on or before Aug. 15 in each year 1972-76, inclusive; \$450,000 on or before Aug. 15 in each year 1977-81, inclusive; \$675,000 in each year 1982-90, inclusive.

Warrants—Series C debentures were accompanied by series E warrants entitling holders to purchase 20 common shares for each \$1,000 series C debentures held, at \$18 per share on or before Aug. 15, 1976, then \$21 per share on or before Aug. 15, 1981 (expiry date). Following the 7-for-1 split of common shares in May, 1980, warrants were exercisable in units of seven at \$3 per share (\$21 per unit) until expiry.

Provisions for security, additional issues and dividend restrictions are the same as for series A and B debentures.

Purpose of Issue—Net proceeds of \$14,490,000 used for capital expenditures for 1971 and 1972.

Offered—In Canada only in July, 1971, at 100 and accrued interest by Pitfield, Mackay, Ross & Co. Ltd. and Wood Gundy Ltd.

Other Long-Term Debt:

At Dec. 31, 1984, Husky Oil Ltd. and its Canadian subsidiaries had \$232,613,000 in other long-term debt outstanding which included: \$120,000,000 in unsecured production loans; \$43,977,000 in 12½% term loan due 1992; \$22,004,000 in 9½% term loans due 1991; \$12,675,000 in term loan at the LIBOR rate plus ½% due 1992; and \$33,957,000 in 8.9% term loan due 1992.

Short-Term Lines of Credit amounting to \$288,400,000 were available at Dec. 31, 1984, of which \$45,894,000 was drawn down at various floating bank rates.

Previous Long-Term Debt

6% Sinking Fund Debentures, Series A:

Dated Nov. 2, 1964; due Nov. 2, 1984. Authorized and issued \$20,000,000; outstanding at Dec. 31, 1983, \$5,085,000. Redeemed when due.

Trustee—Montreal Trust Co.

Offered—In Canada only in October, 1964 at 100 and accrued interest by a syndicate headed by W.C. Pitfield and Wood, Gundy & Co. Ltd.

INTERIM EARNINGS

Fiscal Year	Operating Revenue	Net Inc. Opers.	Earns. per Sh.*	Operating Revenue	Net Inc. Opers.	Earns. per Sh.*	Operating Revenue	Net Inc. Opers.	Earns. per Sh.*
	3 months			6 months			9 months		
	\$000's			\$000's			\$000's		
1978	141,422	9,106	0.12	320,588	22,466	0.29	524,804	39,062	0.51
1979	168,369	9,434	0.12	398,434	22,626	0.29	672,742	42,460	0.55
1980	270,675	16,215	0.21	606,177	30,601	0.39	936,893	74,603	0.95
1981	347,426	21,407	0.27	745,644	29,753	0.37	1,133,776	38,889	0.49
1982	331,342	10,447	0.13	743,080	20,265	0.26	1,164,563	22,442	0.06
1983	315,860	2,222	0.01	737,811	11,870	0.08	1,219,426	28,487	0.25
1984	399,770	14,776	0.15	857,400	36,973	0.39	1,337,994	65,904	0.72
1985	199,942	28,607	0.32	439,128	58,511	0.66			

*Adjusted throughout for 1980 stock split.

Note—1984 and prior years include U.S. operations.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31

	Years Ended December 31						
	1984	1983	1982	1981	1980	1979	1978
	-\$000's						
Source of Funds							
Cash flow	354,142	280,666	172,391	168,571	213,162	196,196	122,412
Debt issue	9,832	103,722	119,739	582,934	109,261	61,219	22,889
Share issues	3,498	886	92,058	2,388	6,328	2,522	1,833
Sale, subsid.	622,877	24,157	14,984	30,232	.....	.....	.....
Sale of assets	10,844	16,706	86,593	14,964	5,129	8,370	2,862
Other	4,722	1,992	7,332	2,714	7,721	.....	282
	1,005,915	428,129	493,097	801,803	341,601	268,307	150,278
Application of Funds							
Incr. fixed assets (net)	277,225	371,075	438,010	363,011	270,313	226,929	146,818
Pref. sh. redempt. ....	.....	.....	6,719	500	315	162	239
Debt reduction (net)	672,773	26,363	8,844	45,788	15,993	19,426	11,826
Dividends	23,730	23,695	17,077	12,213	11,833	11,498	11,433
Acquis. subsid. (net) .....	.....	.....	11,074	380,643	2,874	3,518	.....
Sale subsid.	7,058	21,461	.....	.....	.....	.....	.....
Miscellaneous	20,359	.....	3,157	41,216	.....	1,612	.....
	1,001,145	442,594	484,881	843,371	301,328	263,145	170,316
Increase working capital	4,770	▲14,465	8,216	▲41,568	40,273	5,162	▲20,038
▲Decrease .....	.....	.....	.....	.....	.....	.....	.....

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31

	1984	1983	1982	1981	1980	▲1979	1978
	\$000's						
Sales & operating revenue	1,548,582	1,624,123	1,536,882	1,509,591	1,282,598	1,052,979	703,168
Add: Interest income	4,914	2,643	5,030	4,621	2,375	1,495	1,788
Gross revenue	1,553,496	1,626,766	1,541,912	1,514,212	1,284,973	1,054,474	704,956
Less: Cost sales & oper. exp.	984,054	1,083,474	1,087,835	1,095,018	912,140	747,347	499,481
Selling, gen., admin. exp.	88,840	118,920	103,003	109,529	83,797	58,379	40,973
Depreciation & amort.	67,479	74,265	56,762	49,222	43,318	33,694	26,951
Depletion	82,647	103,442	85,867	49,063	43,217	39,044	22,099
Interest	70,092	110,169	159,747	119,591	51,770	35,660	18,106
PGRT	52,603	41,743	36,880	15,268			
Income taxes: Current	3,590	*3,360	1,129	*695	7,327	*1,560	24,267
Deferred	109,535	51,375	3,620	35,120	53,302	49,383	16,948
Min. int. subsids. earns.					69	84	671
Add: Foreign exch. gain, etc.	4,378	843	10,358	1,486	2,049	657	
Net income, operations	99,034	47,581	17,427	43,582	92,082	93,100	55,460
Add: Net gain sale subsid.	203,677	†6,065		†15,164			
Net income	302,711	41,516	17,427	28,418	92,082	93,100	55,460
Add: Previous ret. earns.	415,948	408,675	408,657	392,228	311,854	195,393	153,920
Adjustments						▲31,787	d2,315
Adj. pref. sh. redempt.			d332	224	125	3,072	181
Less: Preferred dividends	11,827	11,849	5,239	405	434	460	469
Common dividends	11,903	11,846	11,838	11,808	11,399	11,038	10,964
Adjustments		10,548					
Prov., pf. sh. redempt.							420
Retained earnings	694,929	415,948	408,675	408,657	392,228	311,854	195,393

■ Petroleum and gas revenue tax; includes Incremental Oil Revenue Tax (IORT) in 1982.

▲See Accounting Changes. *Credit. †Net loss from sale of subsidiary.

Remuneration paid to or accrued for directors and officers was \$1,103,468 in 1983; unstated in 1981-82; \$2,216,443 in 1980; \$2,229,588 in 1979; \$2,070,000 in 1978; and \$1,548,000 in 1977.

Earnings per Share:

Based on net income, operations:

Preferred: Times earned	18.37	14.02	13.33	†107.61	†212.17	†202.39	†118.25
Common: Earned†	\$1.10	\$0.45	\$0.15	\$0.56	\$1.18	\$1.20	\$0.72

Based on net income:

Preferred: Times earned	†25.59	†3.50	†3.33	†70.17	†212.17	†202.39	†118.25
Common: Earned†	\$3.67	\$0.38	\$0.15	\$0.36	\$1.18	\$1.20	\$0.72

†Based on average number of shares outstanding during the year and adjusted throughout to reflect the 7-for-1 stock split in May, 1980.

Dividends Paid or Declared:

Preferred: Series A			▲\$1.50	\$3.00	\$3.00	\$3.00	\$3.00
Series B			▲0.75	3.00	3.00	3.00	3.00
Junior preferred	\$3.25	\$3.25	*1.3846				
Common (new†)	0.15	0.15	0.15	0.15	0.075		
Common (old†)					0.50	1.00	1.00

‡Before (†after) 7-for-1 split in May, 1980.

▲Prior to redemption June 25, 1982.

*Including initial.

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

	1984	1983	1982	1981	1980	*1979	1978
	(\$000's)						
Assets							
Current:							
Cash & s.t. deposits	1,635	14,744	4,363	7,184	14,631	17,490	11,432
Accts. & notes rec.	245,023	340,164	288,716	269,669	240,741	244,020	156,877
Inventories§	95,717	176,859	264,041	297,734	275,672	167,799	78,800
Subsids. & assets held for resale	57,995	.....	.....	.....	.....	.....	.....
Prepaid expenses	3,530	3,655	4,209	5,278	2,381	1,329	952
	403,900	535,422	561,329	579,865	533,425	430,638	248,061
Notes rec., misc. assets					▲	11,490	7,418
Fixed assets:							
Properties & equip.	1,168,463	1,688,465	1,590,972	1,354,487	762,198	583,267	420,561
Refin., mktg. facil., etc.	615,470	750,219	597,028	526,778	453,924	392,642	331,579
Less: Depr., etc.	398,091	596,448	509,749	404,907	362,811	306,483	245,826
Net fixed assets	1,385,842	1,842,236	1,678,251	1,476,358	853,311	669,426	506,314
Other intangible assets	32,397	8,766	16,322	18,616	15,401	6,964	4,599
	1,822,139	2,386,424	1,255,902	2,074,839	1,402,137	1,118,518	766,392
Liabilities							
Current:							
Due bank	66,210	140,718	157,918	155,684	192,060	146,942	60,554
Income taxes payable	79,128	741	†	†	†	†	2,762
Accts. pay. & accrued	199,429	314,084	287,440	288,478	181,016	176,434	139,345
Deferred tax .....	.....	21,074	35,468	44,187	42,154	25,578	.....
Amt. pay. on term debt	15,328	19,770	7,490	26,719	11,830	15,592	11,050
	360,095	496,387	488,316	515,068	427,060	364,546	213,711
Deferred credits	22,576	23,980	23,603	17,523	12,778	6,998	2,627
Deferred income taxes	293,887	243,505	194,348	186,767	160,263	123,288	85,650
Long-term debt	251,701	1,015,593	938,555	846,889	296,648	206,427	156,996
Less: Amt. due in yr.	15,328	19,770	7,490	26,719	11,830	15,592	11,050
Net long-term debt	236,373	995,823	931,065	820,170	284,818	190,835	145,946
Minority int. in subsids.						1,895	3,251
Shareholders' Equity							
Pref. shs.	90,655	91,132	91,245	6,387	7,111	7,551	7,748
Common stock	20,675	16,700	16,154	16,102	14,704	11,103	10,994
Capital surplus	102,949	102,949	102,496	104,165	103,175	100,448	101,072
Retained earnings	694,929	415,948	408,675	408,657	392,228	311,854	195,393
	1,822,139	2,386,424	2,255,902	2,074,839	1,402,137	1,118,518	766,392

*See Accounting Changes.

§At lower of cost or net realizable value. ▲Included in other assets in 1980.

†Included in Accounts Payable and Accrued.

Working capital (\$000's)	43,805	39,035	73,013	64,797	106,365	66,092	34,350
Ratio	1.12—1	1.08—1	1.15—1	1.13—1	1.25—1	1.18—1	1.16—1

Shares Outstanding at Dec. 31:

Pref., Ser. A	.....	.....	▲	34,038	37,673	39,273	40,678
Series B	.....	.....	▲	93,709	104,550	111,750	114,286
Junior Pref.	3,626,225	3,645,300	3,649,800	.....	.....	.....	.....
Common	79,607,686	79,006,186	78,919,486	78,912,386	78,467,648	11,040,273	10,994,023

▲Redeemed June 25, 1982. †After 7-for-1 stock split, May 16, 1980.

OPERATING SUMMARY

Fiscal Year	Net Production		Refineries		Net Production		Refineries	
	Oil & Liquids	Natural Gas	Throughput	Sales	Oil & Liquids	Natural Gas	Throughput	Sales
	Bbls.	Mcf.	Yearly, 000's	Bbls.	Bbls.	Mcf.	Daily	Bbls.
1949	67		948		184		2,597	
1950	66		1,279		182		3,504	
1951	135		1,480		371		4,055	
1952	492	341	2,098		1,344	932	5,748	
1953	482	706	2,326		1,320	1,934	6,373	
1954	575	1,124	2,652		1,576	3,080	7,266	
1955	904	1,070	3,690		2,477	2,932	10,110	
1956	3,028	3,379	6,395	7,145	8,296	9,258	17,520	19,575
1957	3,436	4,398	6,263	6,642	9,414	12,049	17,160	18,197
1958	3,081	4,575	5,411	6,404	8,441	12,534	14,825	17,544
1959	3,153	4,645	5,647	6,187	8,639	12,726	15,471	16,951
1960	3,166	4,174	5,110	5,811	8,674	11,435	14,000	15,921
1961	3,174	6,779	5,985	5,876	8,697	18,573	16,396	16,100
1962	3,345	9,315	6,289	6,312	9,163	25,521	17,231	17,293
1963	3,941	10,219	6,301	7,045	10,796	27,998	17,263	19,302
1964	5,224	11,679	5,763	6,695	14,312	32,000	15,789	18,343
1965	6,374	12,838	6,179	6,678	17,463	35,173	16,929	18,295
1966	8,095	16,249	6,711	7,053	22,178	44,518	18,387	19,323
1967	9,562	16,727	7,391	7,939	26,197	45,828	20,248	21,750
1968	11,221	17,364	16,718	17,762	30,742	47,571	45,802	48,662
1969	11,557	16,876	17,480	19,246	31,663	46,236	47,893	52,730
1970	12,142	17,992	18,266	20,791	33,265	49,293	50,044	56,961
1971	13,996	24,554	18,318	19,449	38,345	67,271	50,185	53,285
1972	15,140	27,937	17,748	20,196	41,482	76,539	48,624	55,330
1973	16,054	26,962	18,552	21,412	43,984	73,868	50,828	58,662
1974	15,700	23,892	21,578	23,345	43,015	65,460	59,116	63,958
1975	16,042	21,533	20,520	22,097	43,949	58,994	56,220	60,541
1976	13,615	20,301	20,337	23,687	37,301	55,618	55,719	64,895
1977	12,789	22,287	21,725	25,053	35,287	61,061	59,521	68,638
1978	12,848	22,203	21,929	25,918	35,200	60,829	60,080	71,007
1979	14,911	25,242	23,025	27,434	40,852	69,157	63,083	75,161
1980	14,508	24,926	21,965	23,147	39,640	68,122	60,178	63,416
1981	15,230	26,442	21,779	23,085	41,726	72,444	59,668	63,247
1982	16,469	26,629	19,185	22,991	45,121	72,957	52,563	62,988
1983	17,809	27,056	20,394	24,028	48,792	74,126	55,873	65,831
1984	13,041	18,089	7,065	8,160	35,731	49,424	19,357	22,357

●Not included is U.S. production to May 31, 1984 averaging 17,871 bbl. and 29,564 mcf. per day for that period and refinery throughput and sales to Sept. 30, 1984 averaging 44,840 bbl. and 53,638 bbl. per day respectively for that period due to discontinuance of U.S. operations during 1984.

Note—Figures for 1955 and prior years are for the Canadian company only; subsequent years shown combined figures.

HISTORICAL SUMMARY

(As originally stated in the company's annual reports for the respective years)

Fiscal Year	Working Capital	L-term Debt*	Gross Revenue	Net Inc. Oper.	Shares Outstand.	Earns. per Sh.	Divds. Paid	Price Range High	Price Range Low
	\$	\$	000's	\$	Shs.	\$	Common Shares	\$	\$
1948	1,753	2,250	631	213	1,090,846	0.20			
1949	1,582	2,250	2,404	592	1,090,846	0.54			
1950	1,180	2,125	3,732	342	1,090,846	0.31			
1951	3,285	1,926	4,213	251	1,461,175	0.17			
1952	4,730	3,000	8,464	1,415	1,957,857	0.72		13.25	9.30
1953	3,389	2,700	8,007	530	1,957,857	0.27		12.50	5.70
1954	8,268	10,000	9,725	502	1,967,857	0.20		8.20	6.00
1955	4,176	9,230	13,668	24	1,968,017	d0.10		10.00	7.20
1956	3,591	8,631	16,985	20	1,971,342	d0.10		14.00	8.35
1957	7,502	7,816	19,185	d131	2,614,390	d0.13		23.00	10.00
1958	7,025	10,432	16,644	d1,768	3,056,533	d0.65		15.38	9.55
1959	8,376	11,572	15,579	d1,211	3,056,834	d0.47		14.75	7.60
1960	8,924	29,686	46,283	d2,161	5,836,982	d0.41		8.55	3.95
1961	11,851	28,295	46,662	d1,089	6,090,843	d0.21		7.75	4.40
1962	11,069	26,136	49,762	126	6,122,843	d0.01		8.50	4.50
1963	12,578	35,501	47,198	2,233	6,169,193	0.33		7.38	5.50
1964	19,404	43,375	51,044	3,519	6,207,593	0.48		12.63	6.13
1965	12,094	42,608	53,812	5,102	6,243,843	0.69		14.88	10.13
1966	15,783	50,973	67,459	6,513	6,431,476	0.81	0.15	15.38	10.88
1967	15,072	74,006	91,458	7,600	6,544,610	0.90	0.30	26.75	12.00
1968	22,901	91,718	154,539	8,295	9,390,044	0.80	0.30	29.38	17.00
1969	15,388	100,371	164,191	7,865	9,411,039	0.76	0.30	25.88	11.13
1970	30,482	110,284	184,100	6,974	9,411,914	0.67	0.15	15.50	6.75
1971	15,999	111,144	186,484	10,915	9,420,912	1.09	0.15	19.13	14.00
1972	28,782	98,252	202,277	12,460	9,434,894	1.25	0.15	19.50	14.13
1973	36,359	102,844	253,190	21,360	9,682,825	2.17	0.15	30.00	18.38
1974	33,972	102,119	436,184	33,679	9,710,833	3.41	0.40	23.75	11.00
1975	39,746	100,473	455,035	36,018	9,761,433	3.64	0.65	21.13	11.25
1976	49,248	142,543	522,861	30,025	9,803,113	3.02	0.80	22.88	16.13
1977	55,083	120,795	621,237	42,807	10,924,733	4.06	0.80	31.88	19.13
1978	34,350	145,946	704,956	55,460	10,994,023	5.02	1.00	53.13	24.88
1979	66,092	190,835	1,054,474	93,100	11,040,273	8.40	1.00	77.50	43.00
1980	106,365	284,818	1,284,973	92,082	78,467,648	†1.18	{ 0.50 0.075 }	†20.88	†9.63
1981	64,797	820,170	1,514,212	43,582	78,912,386	0.36	0.15	22.00	9.50
1982	73,013	931,065	1,541,912	17,427	78,919,486	0.15	0.15	11.13	4.75
1983	39,035	995,823	1,626,766	47,581	79,006,186	0.45	0.15	13.25	8.00
1984	43,805	236,373	1,553,496	99,034	79,607,686	1.10	0.15	13.13	9.38

*Net of current portion.

†Adjusted throughout year to reflect 7-for-1 split.

●(before) (°after) 7-for-1 split.

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